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TOP S&L SERVICERS — STORY ON PAGE 5

American Banker

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Today

The National Council of Savings Institutions will court 1,200 stock-owned savings and loans targeted for membership with mailings touting the organization's "procompetitive" solution to the current industry crisis. ——2

The credit union industry's two national trade associations are preparing legal and congressional action if the Fed approves check-processing regulations that the groups say favor banks and thrifts. ——2

Chemical Bank has promised to raise $3.1 billion for the pilots' $4.1 billion takeover of Allegis Corp., parent of United Air Lines. If successful, the buyout would be the biggest by an employee stock ownership plan. 2

Pressure from Wall Street and Capitol Hill is mounting to count preferred debt and goodwill as primary capital in a risk-based capital plan under final review by U.S. banking regulators. At the same time, bank supervisors in 12 countries are working on capital guidelines that would drop preferred stock and goodwill from primary, or tier one, capital and would require banks to hold 4% of assets as common equity. ——3

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COMMENT

Inadequate firewalls would separate banks from their securities units and mutual funds under the Senate Banking Committee bill that effectively repeals the Glass-Steagall Act, writes Matthew P. Fink. ——4

THRIFTS & MORTGAGES

Taking care of thrift institutions is a lucrative business for a wide variety of service companies. Taking stock in them is an ongoing activity for a select group of investors. The *American Banker* lists the most prominent servicers/investors as determined by a leading thrift consulting firm. ——5

The Bank Board is trying to stop the news leakers who have provided the press and the public with several confidential documents, including a controversial thrift examination. ——8

Apartment building mortgages could mean economies of scale and higher profits for CityFed Financial Corp., according to the chairman of Lehigh Financial Corp., a small mortgage banking firm that specializes in apartment building loans. ——8

Converting one of his 13 banks to a savings and loan is the latest trend-bucking project from Frank Farrar, a former South Dakota governor. —9

Worth Repeating

They're like a paid escort... If anything, BCI should be paying Irving's expenses.

John Lyons, a New York banking consultant, on Banca Commerciale Italiana's reimbursement for expenses relating to the company's bid for Irving Bank Corp. [Page 1]

Irving to Pay Italian Bank's Bid Expenses

'No-Risk' Deal Includes Reimbursement for Ads

By BART FRAUST

NEW YORK — Irving Bank Corp. has agreed to reimburse Banca Commerciale Italiana for advertising, investment banking, legal, and other out-of-pocket expenses resulting from the Italian bank's friendly tender offer.

Patricia Skiggen, Banca Commerciale's New York attorney, said the Milan-based bank negotiated the reimbursement when it agreed last month to increase its offer to $75 a share from the original $65.

Banca Commerciale will be reimbursed whether its bid succeeds or fails. "It's a no-risk situation," one investment banker said.

For the past seven months, Irving has been fighting a hostile takeover by the Bank of New York. The battle is expected to come to a head today at Irving's annual meeting. Irving shareholders are expected to vote on a Bank of New York proxy bid to elect a slate of 16 Irving directors.

The reimbursement provision is contained in filings the two companies made with the Securities and Exchange Commission. "The agreement provides that the company [Irving] will reimburse the purchaser for its and its subsidiaries' reasonable actual out-of-pocket expenses incurred in connection with the agreement and the transactions contemplated thereby and by the business plan, including, but not limited to, the fees and expenses of its counsel and financial advisers, provided that the purchaser is not in material

Irving: Page 19 ➡

Commercial Loans Loom Larger At Top 100 Savings Institutions

By KENNETH J. HICKS

NEW YORK — After breezing along with huge commercial loan growth over the previous two years, the top 100 thrifts posted a moderate 10% rise in such loans for 1987. While gross operating income barely budged last year, interest on commercial loans was up almost 30%.

These are among the findings of the *American Banker*'s third annual survey of commercial lending at top thrift institutions. All data were taken from the quarterly financial reports submitted to the Federal Home Loan Bank Board.

All thrifts insured by the Federal Savings and Loan Insurance Corp. are included, while most thrifts insured by the Federal Deposit Insurance Corp. are excluded. Rankings were provided by ADP Data Services, New York, from its computer tape of the Bank Board data base.

Commercial loans, as defined by the Bank Board, include all secured loans on commercial properties that do not qualify as mortgage loans. Included are loans for automobiles or mobile homes.

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THRIFTS & MORTGAGES
AN AMERICAN BANKER WEEKLY FEATURE

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Boatmen's Favored over Mercantile In Bidding Competition for Centerre

By ANDREA BENNETT
Midwest Bureau

CHICAGO — Mercantile Bancorp. will have a hard time matching the $50 a share that Boatmen's Bancshares Inc. has offered for Centerre Bancorp., and Mercantile is likely to have difficulty winning shareholder approval for its original merger-of-equals agreement with Centerre, analysts said on Thursday.

Boatmen's offer for Centerre is valued at about $390 million, well above the $278 million, or $35.50 per share, that analysts have assigned to the merger-of-equals agreement Centerre reached with Mercantile on April 19.

"As long as Boatmen's offer- . . . doesn't go away, I can't see why Centerre shareholders would accept Mercantile's offer as it presently stands," said Kenneth F. Puglisi, a bank analyst with Keefe, Bruyette & Woods Inc., New York. If Mercantile tries to match Boatmen's bid, Mr. Puglisi said, the initial dilution it produced would "wreak havoc" on Mercantile's stock price.

As of midday Thursday, there were no further comments from any of the three parties in the bidding war for Centerre, Missouri's fourth largest bank holding company, with $5.1 bil-

Analysts: Page 20 ➡

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May 6, 1988, American Banker

Senate Bill Repealing Glass-Steagall Ignores Crucial Issues

The following is an excerpt from remarks by Matthew P. Fink, senior vice president and general counsel for the Investment Company Institute, presented March 22 at the 1988 mutual funds and investment management conference in Tucson, Ariz., cosponsored by the Commerce Clearing House and the American Bar Association. Mr. Fink participated in a panel on current securities legislation and regulation. The Investment Company Institute is a trade group for the mutual fund industry.

□

IN FEBRUARY, the Senate Banking Committee reported out a bill, by an 18 to 2 vote, providing for the virtual repeal of the Glass-Steagall Act.

Why did the committee move from its limited 1984 legislative action to such a sweeping measure? Was there a sea change in congressional attitudes regarding the basic philosophy underlying the Glass-Steagall Act?

I don't think so. I think that the members of the committee felt that the bank administrative agencies had gone so far in dismantling the Glass-Steagall Act through their administrative actions that the committee had no choice but to ratify their decisions.

What does this tell us about the next legislative arena, the House of Representatives? I venture to say that one of the key determinants in the House will be the strength, or the weakness, of the proposed new regulatory controls in the Senate bill, which are designed to replace the protections of the prohibitionist approach taken by Glass-Steagall.

The word usually used to describe these controls is firewalls. That word indicates the main purpose of these regulatory controls — to protect the bank from problems encountered by its securities affiliate.

Will Firewalls Work?

History indicates that bank regulators will encourage banks to rescue their affiliates in time of crisis. The recent Federal Deposit Insurance Corp. paper, "Mandate for Change," states that one reason banks were so damaged during the real estate investment trust crisis of the early 1970s was that the Federal Reserve Board actually supported efforts by banks to try to rescue their REITs.

Firewalls generally are designed to protect banks, and not to protect bank securities affiliates or the public. The bank regulators generally are not bothered by this, since their goal is to help banks. Indeed, the FDIC's paper states that "generally speaking, the potential for abuse of an affiliate to benefit the bank is of less concern than the reverse situation because there are fewer safety-and-soundness issues surrounding most nonbanking firms." Bankers share this view.

The firewalls in the Senate bill are made of kindling, and will provide little, if any, protection, even if enforced in times of crisis.

With that background, it is useful to consider the precise firewalls contained in the Senate Banking Committee's bill.

• Underwriting of poor loans. One of the classic abuses of the 1920s was bank sales of poor loans to the public through bank securities affiliates. In its recent decisions allowing bank securities affiliates to underwrite consumer receivables and mortgages, the Federal Reserve Board barred such underwriting where the underlying assets originate from an affiliated bank, citing "the temptation . . . that the affiliates' least creditworthy assets would be securitized."

But the Senate committee's bill permits the underwriting of poor loans through bank securities affiliates.

• Misuse of confidential customer information. In his testimony before the Senate Banking Committee, Securities and Exchange Commission Chairman David Ruder noted that under current law, banks are free to give confidential customer information arising from their lending activities to their securities affiliates, if the customer consents. Chairman Ruder urged Congress to consider mandating the use of Chinese walls to prevent the bank from giving confidential customer information to its securities affiliate.

But the Senate committee's bill does not mandate the erection of Chinese walls. How difficult will it really be for a bank to obtain the customer's consent when the customer is dependent on the bank for credit?

• Interlocks. The Senate bill would prevent an officer or director of a bank from serving as an officer or director of the bank's securities affiliate. But the bill does not prohibit an officer or director of a bank from serving as an employee of the securities affiliate. The bill thus allows the very persons who are most susceptible to conflicts of interest to be in positions to exploit them.

In short, the firewalls in the Senate bill are made of kindling, and will provide little, if any, protection, even if they are enforced in times of crisis.

The firewall issue poses the basic public policy dilemma. Weak firewalls may work in good times, but they will go up in smoke in the case of a real fire.

Required Reading: Page 16 ➤

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LETTERS TO THE EDITOR

Abboud Defends FDIC-Aided Rescue of First City

To the Editor:

Martin Mayer's rambling article, flippantly entitled "Amateur Hour Revisited" [May 2, page 1] is grossly unfair to the Federal Deposit Insurance Corp. and to First City.

The financial reorganization of First City Bancorporation of Texas, made possible by FDIC assistance, has brought $500 million in private-sector capital into Texas. The state's economy, rapidly diversifying from its energy base but still deeply troubled, desperately needs outside capital in order to lend momentum to the recovery already begun.

The First City transaction — the first investor-led recapitalization of a major bank holding company and one of the largest equity private placements ever — has shown the financial markets that it can be done. The positive implications for the economy of the Texas region, in terms of jobs and wealth creation, are enormous.

The First City reorganization may well become the prototype for addressing similar problems at other troubled institutions. It was a successful blending of private capital and FDIC assistance.

As with any prototype, some midcourse corrections were necessary as unforeseen problems arose. Some were anticipated and the corrections preprogrammed.

Because of its prototype nature, First City's was an extremely complex transaction. It was a learning experience in a totally new science.

For example, one of the problems encountered was in obtaining concessions from debtholders. The problem came not so much from long-standing debtholders facing losses, but from speculators who bought the bonds at a steep discount — in some cases, bonds that had been tendered by the original owners but then withdrawn so that the owners could then resell to arbitragers — seeking to turn a quick profit by holding the deal hostage.

While I'm all for a free market, I think the FDIC must have powers to deal with such a situation. That we were able to complete the transaction in the absence of such powers is attributable more to the tenacity of the parties involved, including the FDIC, than to anything else.

The problems experienced were not unexpected. In fact, I anticipated them in my book, "Money in the Bank: How Safe Is It?," (Dow Jones-Irwin, 1988), in the final pages of the chapter titled "Recapitalizing a Failing Bank."

I even predicted the need for the legislation now being sought. The real-time experience of the First City transaction validates what was only theory when I wrote the book.

Indeed, the First city experience illustrates the vulnerability of the public marketplace to speculators, who demonstrated that the lure of a trading profit will override any broader interest for the public interest in general and on the banking system itself. Who could argue with the FDIC's desire to avoid such a situation in the future? It is a gap in the law that needs to be filled.

In my opinion, the FDIC is correct in believing that the best, most practical solution to this problem would be to gain the authority to merge solvent and insolvent banks within the same holding company. The notion put forth by the author, that what the FDIC should really be seeking is control over the terms of the bonds that banking companies issue, is interesting from a theoretical standpoint. But does he really think that such a fundamental change in the way companies sell debt is feasible? Would bonds containing such terms be marketable?

I sincerely think not. The terms should be negotiated by the dictates of the marketplace at the time. I am totally opposed to constraints on the marketplace or its freedoms.

I much prefer to give the regulators proper and effective tools to be used only on an if-needed basis. That is what the FDIC is seeking.

Finally, the author states that the FDIC "was forced to raise the ante for preferred shareholders." Where he got such a notion is beyond me. It must have seemed like a good idea to buttress his argument. But it is simply not true. The terms for the old preferred shareholders were never changed from the day the transaction was announced last September 9.

In seeking concessions from debtholders, the drop from a 90% required tender level to 70% was contemplated internally. The acceptance of 67.5% instead of 70% was necessitated by the last-minute pullout of bonds by savings and loans solicited by the arbitragers making a market, as described earlier.

I have the highest respect for the way the FDIC cooperated with the private investor group to restore First City to sound financial condition. Mr. Seidman and the FDIC staff performed superbly and professionally and, most of all, successfully. I think the private marketplace owes them unqualified commendation for sticking fiercely to their free-market principles.

Now it's up to us in the private sector to do our part to reinvigorate the economies of the communities where we operate. I have no doubt that we will succeed.

A. Robert Abboud
Chairman of the Board,
Chief Executive Officer
First City Bancorporation of Texas
Houston

THRIFTS & MORTGAGES
AN AMERICAN BANKER WEEKLY FEATURE

This Week's Quote

Always go against the tide.

— Frank Farrar, former South Dakota governor, who is converting a Beresford bank to a thrift.

Skimming the Cream of Investors/Servicers

Survey Gives High Five to S&L Industry's Prominent Figures

By LINDA ELLIS

TAKING CARE of thrift institutions is a lucrative business for a wide variety of service companies. Taking stock in them is an ongoing activity for a select group of investors — some private, some institutional.

The most prominent servicers/investors in each of 10 categories have been determined by SNL Securities, Hoboken, N.J., a leading thrift consulting and research firm. These listings will be published annually in the *American Banker.*

The survey covered 435 publicly traded thrifts, each of which is listed either on the New York Stock Exchange, the American Stock Exchange, or over the counter.

The listings include accountants, lawyers, 13D filers, institutional investors, stock transfer agents, investor relations firms, and market makers. For conversions, the list adds appraisers, lawyers, and underwriters. All have been ranked according to their prominence and/or activity in the thrift industry.

Form 13D must be filed with the Securities and Exchange Commission any time a holder of 5% of a registered security either changes intent or increases or decreasing holdings.

SNL compiled the rankings by plowing through annual reports, proxies, offering circulars, and the company's library of 13D filings to extract the names of firms in each category. In addition, each thrift was surveyed to verify the information.

The Federal Home Loan Bank Board requires a thrift to have an outside accountant, explained Reid Nagle, president of SNL Securities, but there is no similar requirement with regard to lawyers. SNL found that 301 of the 435 publicly traded thrifts list outside law firms in the role of special or general counsel.

The listings of conversion specialists include data only on thrifts that converted and were subsequently publicly traded. Conversion underwriters/agents listed are those that participated in the final stage of a share offering, whether the final stage was the community offering or the public offering. All conversions require a lawyer and an appraiser, but not necessarily an underwriter/agent.

A transfer agent does back-office work for a thrift, keeping track of shareholders

Survey: Page 14 ➤

Leading Accountants

Name	Number	Percent of Public Thrifts
Peat, Marwick, Main & Co., New York	166	38.2
Deloitte, Haskins & Sells, New York	59	13.6
Ernst & Whinney, New York	49	11.3
Touche Ross & Co., New York	26	6.0
Coopers & Lybrand, New York	19	4.4

Source: SNL Securities

Five Leading Market Makers

As of April 20

Name	Number	% of OTC Thrifts
Herzog, Heine, Geduld, New York	177	45.4
Merrill Lynch Capital Markets, New York	152	39.0
Shearson Lehman Hutton, New York	108	27.7
Sherwood Securities, New York	102	26.2
Troster Singer Stevens Rothchild, New York	101	25.9

Source: SNL Securities

Leading Conversion Appraisers

For public thrifts converting in 12 months ended March 31

Name	Number	% of all Conversions
Kaplan Smith/First Boston, Atlanta	27	38.0
Trident Financial Corp., Raleigh, N.C.	12	16.9
Kallop & Co., Washington	8	11.3
Financial Strategy Group, Washington	8	11.3
MCS Associates, Newport Beach, Calif.	5	7.0

Source: SNL Securities

Leading Investor Relations Firms

Name	Number	Percent of Thrifts Using Relations Firms
Morgen-Walke Associates, New York	22	51.2
Swofford & Sharff, New York	6	14.6
Allen Nelson & Co., Seattle	5	11.6
Investor Relations Group, New York	3	7.0
JSL Associates, Pittsburgh	3	7.0

Note: Represents client relationships obtained through a survey of all publicly traded thrifts and verification with firms listed above.

Source: SNL Securities

Leading Lawyers

Name	Number	Percent of Thrifts Listing Outside Counsel
Housley, Goldberg & Kantarian, Washington	56	18.6
Elias, Matz, Tiernan & Herrick, Washington	31	10.3
Muldoon, Murphy & Faucette, Washington	20	6.6
Hogan & Hartson, Washington	19	6.3
Goodwin, Procter and Hoar, Washington	13	4.3

Note: Relationships are listed here if a law firm was identified as legal counsel, general counsel, or special counsel in an annual report or through a survey sent to all publicly traded thrifts. Each of the firms listed above performs additional legal work for thrift clients in less formal relationships.

Source: SNL Securities

Five Most Active 13D Filers

For 12 months ended April 28 (excluding institutions required to file form 13F)

Name of Filer	Number of Thrifts With 5% or More Ownership
New Milford Savings Bank, New Milford, Conn.	12
Baupost Group, Cambridge, Mass.	10
Abramson, Albert, Bethesda, Md.	5
Greenblatt, Leon, Chicago	5
Jaindl, Frederick, Orefield, Pa.	4

Note: This list ranks noninstitutional 13D filers by the number of thrifts in which they had a 5% or more ownership interest in the 12 months ended April 28.

Source: SNL 13D Dictionary, SNL Document Retrieval.

Top Five Institutional Investors in Thrifts

As of Dec. 31 (dollar amount in millions)

Investor	Market Value
Wellington/Thorndike, Boston	$551.5
FMR Corp., Boston	338.8
Wells Fargo Bank, San Francisco	272.7
Pacific Financial Research, Beverly Hills, Calif.	264.4
Berkshire Hathaway, Omaha[1]	195.3

[1]Investment in one company, Westco Financial Corp., Pasadena, Calif.

Source: 13F filings provided by CDA Investment Technologies and aggregated by SNL Securities.

Leading Conversion Lawyers

For public thrifts converting in 12 months ended March 31

Name	Number	Percent of All Conversions
Housley, Goldberg & Kantarian, Washington	13	19.1
Elias, Matz, Tiernan & Herrick, Washington	11	16.2
Muldoon, Murphy & Faucette, Washington	9	13.2
Silver, Freedman & Taff, Washington	4	5.9
Thacher Proffitt & Wood, Washington	3	4.4

Source: SNL Securities

Survey Reports S&L Industry's Prominent Investors/Servicers

→ Continued from Page 5

nd issuing stock certificates.

A conversion appraiser determines the fair market value of a thrift before conversion from mutual to stock ownership.

Market makers are brokers who are prepared to buy or sell a stock on a continuous basis.

The law firms that are the heaviest hitters in the thrift industry are in Washington, D.C., where they can stay close to the regulatory bodies that make it necessary for savings institutions to hire lawyers in the first place.

Housley, Goldberg & Kantarian and Elias, Matz, Tiernan, & Herrick have lawyers on their staffs who were formerly with the Federal Home Loan Bank Board, the Federal Savings and Loan Insurance Corp., or the Federal Deposit Insurance Corp. Specialties of both firms include conversion work and mergers and acquisitions.

Because there are such frequent changes in accounting rules, thrifts frequent five of the Big Eight accounting firms.

"Every major tax act has affected thrifts — as does the Financial Accounting Standards Board — and we expect that to continue," said Kathleen M. Riley, tax manager for Deloitte, Haskins & Sells.

In the 13D milieu, sharing an interest in owning hefty blocks of thrift stock are investors from a New England savings bank, a group that includes Harvard Business School faculty members, a Washington construction mogul, and the partner in a family turkey farm.

The heaviest filers of thrift-related 13D forms are F. Wayne Arnold, chief executive officer of NewMil Bancorp, and Brian A. Arnold, chief operating officer of the holding company in New Milford, Conn., that is parent of New Milford Savings Bank. Other active [more than 5%] holdings of the Arnolds include Brooklyn Savings Bank, Danielson, Conn.; DS Bancor, Derby, Conn., and Cayuga Savings Bank, Auburn, N.Y.

"We know most of the institutions we have positions in very well," said Mr. Arnold. "We feel the thrift industry is a good investment."

Second is the Baupost Group, an eclectic band of investors in Cambridge, Mass., that includes professors from Dartmouth and Harvard and assorted businessmen. Baupost's holdings include Fidelity Federal Savings Bank, Marion, Ind.; Greencastle Federal Savings Bank, Greencastle, Ind.; Peoples Savings Bank, Monroe, Mich., and Valley Federal Savings Bank, Sheffield, Ala.

"We're value investors and we try to be long-term oriented," said Seth Klarman of Baupost. "If a thrift is attractive in that it has good-quality assets, decent earnings, and a good track record, then a thrift at conversion is a way of buying value at a discount. We try to buy a dollar with 50 cents. We're not flippers," who buy at an initial public offering and sell very shortly after.

Albert Abramson, a Washington contractor and independent investor, owns more than 5% of Collective Federal Savings Bank, Egg Harbor, N.J.; Citizens Savings Financial Corp., Fort Lauderdale, Fla.; Stockton Savings and Loan Association, Stockton, Calif.; and Valley Federal Savings and Loan Association, Van Nuys, Calif.

Frederick Jaindl, Orefield, Pa., sticks close to home and the family turkey farm when he invests in S&Ls. His active holdings are all in Pennsylvania; they include First Financial Savings Bank, Downingtown; First American Savings, Jenkinton; Harleysville Savings Association, Harleysville, and Pennview Savings Association, Souderton.

Investor relations firms are hired by thrifts to arrange road shows and to ensure that lavish attention is heaped on brokers, analysts, big investors, and opinion makers. More than half the thrifts that use investor relations firms use Morgen-Walke Associates, New York.

Lynn Morgenroth and David Walke had represented bank and thrift clients before the mid-1980s conversion wave, so they were poised to hold the hands of dozens of newly public savings institutions. Many of the companies had little previous following on Wall Street, said Edward A. Nebb, the firm's executive vice president, so Morgen-Walke has made it easier for them to be recognized.

Swofford & Sharff, New York, which has 14.6% of the market in thrifts that hire outside relationship firms, also credits the conversion wave for their burgeoning thrift business. It's a new world for many institutions, said George Dube, executive vice president.

The market value of the holdings of four of the top five institutional investors fell as of Dec. 31, 1987 from the period ended Sept. 30, 1987.

Wellington-Thorndike, a unit of Wellington Management Co., Boston, saw the value of its thrift portfolio fall to $551.5 million from $637.4 million. The thrift portfolio of FMR, Boston, parent of the Fidelity family of funds, decreased in value to $338.8 million from $474.3 million in the prior quarter. The value of the portfolio held by Pacific Financial Research, Beverly Hills, however, rose to $264.4 million from $172.7 million. ■

Lead Conversion Underwriters/Agents

For public thrifts converting in 12 months ended March 31

Name	Number	Percent of All Conversions Using Underwriter/Agent
Trident Financial Corp., Raleigh, N.C.	7	10.6
Merrill Lynch Capital Markets, New York	7	10.6
Ryan, Beck/Community Capital, W. Orange, N.J.	7	10.6
McDonald & Co., Cleveland	3	4.5
Legg Mason Wood Walker, Baltimore	3	4.5
Keefe, Bruyette & Woods, New York	3	4.5
Alex. Brown & Sons[1], Baltimore	3	4.5

Note: Represents lead underwriter for public offering or conversion agent/manager for community offerings. Public offerings may also have had a community offering, but only the underwriter/agent for the final stage of the offering is listed. [1]Four way tie.

Source: SNL Securities

Leading Transfer Agents

Name	Number	% of Thrifts Using Outside Transfer Agents
Manufacturers Hanover Trust, New York	57	13.4
IBJ Schroeder Bank & Trust, New York	45	10.6
First National Bank of Boston	35	8.3
Mellon Bank, Pittsburgh	33	7.8
Registrar & Transfer Co., New York	16	3.8

Note: Survey lists all transfer agents either listed in annual reports or confirmed through a survey sent to all publicly traded thrifts.

Source: SNL Securities

Centennial Saving Bank's Directors Approve Bid

→ Continued from Page 8

amination of Lincoln Savings and Loan Association, Irvine, Calif., a thrift controlled by the politically influential Charles Keating.

We suggest that the Bank Board transfer the suspected leakers to the agency's information services department as part of their praiseworthy effort to improve the flow of information there. The department also administers Freedom of Information Act requests.

Only last month, the Bank Board held what can best be described as a group therapy session. Members of its information services department, the press, and the public met discuss creative solutions to a data jam that has been decried by frustrated information seekers.

Attendees exchanged perceptions of one another. The employees saw the public and press as impatient and pushy. The public and press saw the employees as sullen, slow, and unresponsive. Following the catharsis, attendees broke up into small groups, made up, and promised to work together to make the Bank Board a better place to obtain documents. The session was a kickoff to a yearlong effort to improve the department.

How about placing the leakers on the staff of House Banking Committee Chairman Fernand J. St Germain? The Rhode Island Democrat is furious with the Bank Board for withholding documents on its activities at troubled Financial Corporation of America, Irvine, Calif.

Mr. Hoyle said an offer by Robert Bass of Fort Worth to buy FCA is impeding the paper flow. The Bank Board has documents on the table for Mr. St Germain, but it wants to ascertain that their release will not jeopardize any deal with publicity-shy Mr. Bass. ■

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American Banker /THRIFT LENDING

Top 100 Thrifts in Total Commercial Loans

Dec. 31, 1987, Compared with Dec. 31, 1986 (Dollar Figures in Thousands)

Rank 1987		Total Commercial Loans			Interest on Commercial Loans			Gross Operating Income		Commercial Loans /Total Assets (%)		Int. Comm. Loans /Gross Oper. Inc. (%)	
		12/31/87	12/31/86	% Chg.	1987	1986	% Chg.	1987	1986	12/31/87	12/31/86	1987	1986
1	California Federal S&L Assn., Los Angeles	732,104	716,252	2.21	71,006	53,196	33.48	2,159,958	2,079,849	3.12	3.49	3.29	2.56
2	Crossland Savings FSB, Brooklyn, N.Y.	699,408	478,682	46.11	50,850	31,816	59.83	834,239	719,304	6.04	5.44	6.10	4.42
3	Home Federal S&L Assn., San Diego, Calif.	699,169	532,183	31.38	64,169	43,812	46.46	1,286,845	1,214,049	4.94	4.46	4.99	3.61
4	Old Stone Bank FSB, Providence, R.I.	681,018	880,542	-22.66	72,642	66,433	9.35	332,261	289,903	17.32	25.07	21.86	22.92
5	Empire of America FSB, Buffalo, N.Y.	605,946	576,753	5.06	40,443	44,986	-10.10	702,096	637,869	5.48	9.13	5.76	7.05
6	Atlantic Financial Federal, Bala Cynwyd, Pa.	448,955	261,349	71.78	28,161	17,993	56.51	670,765	522,193	6.70	4.70	4.20	3.45
7	Lincoln S&L Assn., Los Angeles	416,386	311,088	33.85	17,909	2,258	693.14	415,650	372,565	9.70	8.63	4.31	0.61
8	Guaranty Federal S&L Assn., Dallas	405,050	47,236	757.50	3,906	3,044	28.32	151,320	218,892	13.65	2.10	2.58	1.39
9	Great American First Savngs Bank, San Diego, Calif.	375,126	243,292	54.19	14,778	12,867	14.85	1,090,244	1,053,306	3.17	2.31	1.36	1.22
10	Perpetual Savings Bank FSB, McLean, Va.	305,172	175,415	73.97	18,221	8,726	108.81	452,791	415,982	6.51	3.98	4.02	2.10
11	Glendale Federal S&L Assn., Calif.	302,646	263,768	14.74	13,224	20,695	-36.10	1,854,223	1,646,745	1.35	1.51	0.71	1.26
12	Western S&L Assn., Phoenix	283,481	300,022	-5.51	22,102	19,861	11.28	635,725	568,261	4.68	5.41	3.48	3.50
13	AmeriFirst Federal S&L Assn., Miami	280,284	221,578	26.49	22,727	17,304	31.34	397,985	440,176	6.70	5.52	5.71	3.93
14	Great Lakes Bancorp. FSB, Ann Arbor, Mich.	272,971	239,504	13.97	24,343	19,969	21.90	312,255	298,216	8.68	8.90	7.80	6.70
15	Sunbelt Savings Assn. of Texas, Dallas	266,612	261,149	2.09	24,921	23,972	3.96	238,491	315,550	7.87	8.17	10.45	7.60
16	Fortune Savings Bank, Clearwater, Fla.	258,116	234,392	10.12	23,151	14,189	63.16	253,378	233,862	8.75	9.78	9.14	6.07
17	First Nationwide Bank FSB, San Francisco	256,935	226,028	13.67	25,055	19,205	30.46	1,464,467	1,343,491	1.50	1.50	1.71	1.43
18	Midwest Federal S&L Assn., Minneapolis	255,133	179,097	42.46	18,965	13,801	37.42	315,694	319,728	7.15	5.50	6.01	4.32
19	City Federal Savings Bank, Bedminster, N.J.	225,481	615,448	-63.36	38,326	49,466	-22.52	1,051,701	1,032,667	2.10	5.89	3.64	4.79
20	University Savings Assn., Houston, Tex.	219,555	172,078	27.59	20,625	15,566	32.50	392,634	382,319	5.12	4.37	5.25	4.07
21	TCF Banking and Savings FA, Minneapolis	201,763	215,973	-6.58	19,404	15,635	24.11	440,690	579,461	3.44	3.46	4.40	2.70
22	Wilmington Saving Fund Society, FSB, Del.	181,551	124,218	46.16	17,954	14,722	21.95	108,633	99,151	14.67	11.59	16.53	14.85
23	Florida Federal S&L Assn., St. Petersburg	177,613	235,380	-24.54	20,556	21,253	-3.28	470,212	487,938	3.23	4.28	4.37	4.36
24	American Pioneer Savings Bank, Orlando, Fla.	176,751	191,019	-7.47	23,842	15,019	58.75	187,973	142,739	8.85	10.34	12.68	10.52
25	First Federal Savings Bank, Santurce, P.R.	169,856	134,685	26.11	14,230	12,308	15.62	146,425	138,565	10.63	9.72	9.72	8.88
26	Horizon Financial FA, Southampton, Pa.	161,481	172,628	-6.46	15,599	14,699	6.12	232,184	227,944	6.40	7.13	6.72	6.45
27	First Federal S&L Assn., Greenville, S.C.	155,322	131,644	17.99	14,077	14,359	-1.96	195,645	204,222	7.84	7.07	7.20	7.03
28	Eastover Bank for Savings, Jackson, Miss.	154,542	124,716	23.92	13,862	4,678	196.32	50,241	38,754	30.25	24.05	27.59	12.07
29	Carteret Savings Bank FA, Newark, N.J.	149,302	221,283	-32.53	17,873	28,889	-38.13	602,128	583,611	2.51	3.92	2.97	4.95
30	Dollar Bank FSB, Pittsburgh	147,565	129,757	13.72	12,276	9,620	27.61	244,173	243,321	5.99	5.45	5.03	3.95
31	Southwest S&L Assn., Phoenix	142,416	118,382	20.30	12,319	8,863	38.99	206,233	215,136	6.30	5.67	5.97	4.12
32	Western Federal S&L Assn., Dallas	139,672	106,102	31.64	6,185	1,550	299.03	2,004	-6,321	16.35	6.70	308.63	-24.52
33	Professional Savings Bank, South Miami, Fla.	137,733	42,363	225.13	8,636	1,435	501.81	49,373	37,851	19.71	11.11	17.49	3.79
34	Caguas-Central Federal Savings Bank, P.R.	134,289	135,311	-0.76	12,049	8,711	38.32	144,915	128,492	9.36	9.71	8.31	6.78
35	First Minnesota Savings Bank FSB, Minneapolis	128,245	101,467	26.39	9,393	8,970	4.72	272,435	280,391	3.91	3.31	3.45	3.20
36	Security S&L Assn., Vineland, N.J.	120,708	84,782	42.37	10,011	9,376	6.77	104,462	98,269	9.77	8.92	9.58	9.54
37	Champion Savings Assn., Houston	115,898	77,481	49.58	6,372	1,890	237.14	39,604	87,270	14.94	8.70	16.09	2.17
38	Bank Western Federal Savings Bank, Denver	115,508	114,836	0.59	9,688	10,205	-5.07	338,572	295,853	3.24	3.27	2.86	3.45
39	Naples Federal S&L Assn., Fla.	115,428	118,886	-2.91	14,603	13,546	7.80	150,245	144,241	7.37	8.56	9.72	9.39
40	Freedom S&L Assn. FS&LA, Tampa, Fla.	112,500	N.A.	...	4,812	N.A	...	78,359	N.A.	6.66	...	6.14	...
41	Numerica Savings Bank FSB, Manchester, N.H.	112,478	91,394	23.07	10,502	6,662	57.64	65,245	65,464	13.85	13.37	16.10	10.18
42	Metropolitan Federal S&L Assn., Nashville, Tenn.	111,321	98,275	13.27	10,123	8,470	19.52	113,980	109,371	9.38	9.45	8.88	7.74
43	American Diversified Savings Bank, Lodi, Calif.	108,890	124,621	-12.62	7,722	2,749	180.90	5,032	-277,574	19.94	20.32	153.46	-0.99
44	Peoples Heritage Federal S&L Assn., Salina, Kan.	107,583	41,626	158.45	5,434	4,341	25.18	211,105	221,597	4.99	2.53	2.57	1.96
45	Albuquerque Federal S&L Assn., N.M.	107,471	135,047	-20.42	9,684	14,315	-32.35	242,006	209,245	5.06	6.43	4.00	6.84
46	Pacific First Federal Savings Bank, Tacoma, Wash.	104,679	114,206	-8.34	10,458	9,917	5.46	450,476	406,218	2.32	2.79	2.32	2.44
47	MeraBank Federal Savings Bank, Phoenix	102,469	170,551	-39.92	8,036	12,540	-35.92	597,406	628,459	1.56	2.73	1.35	2.00
48	Sandia Federal S&L Assn., Albuquerque, N.M.	101,327	116,214	-12.81	5,200	6,255	-16.87	64,833	112,061	8.64	9.80	8.02	5.58
49	Home Savings Assn. of Kansas City, FA, Mo.	98,740	39,122	152.39	8,134	2,408	237.79	166,011	109,885	3.58	3.46	4.90	2.19
50	First Home FS&LA of the Carolinas, FA, Greensboro, N.C.	96,689	67,798	42.61	7,072	5,704	23.98	138,592	130,382	8.14	5.16	5.10	4.37
51	First Federal Savings Bank & Trust, Pontiac, Mich.	96,264	72,365	33.03	7,435	10,334	-28.05	127,889	141,746	6.98	5.60	5.81	7.29
52	San Jacinto Savings Assn., Bellaire, Tex.	96,185	125,711	-23.49	9,755	14,216	-31.38	270,338	331,918	3.38	4.64	3.61	4.28
53	San Antonio Savings Assn., Tex.	92,205	106,136	-13.13	12,071	15,767	-23.44	275,843	243,641	3.17	4.06	4.38	6.47
54	Citizens Savings Bank, FSB, Providence, R.I.	88,953	65,004	36.84	11,751	8,043	46.10	164,961	148,452	4.58	3.38	7.12	5.42
55	Columbia Savings, FS&LA, Englewood, Colo.	88,471	72,739	21.63	9,049	4,289	110.98	263,254	259,278	3.09	2.68	3.44	1.65
56	Continental Federal Savings Bank, Fairfax, Va.	85,636	67,653	26.58	6,879	5,132	34.04	95,981	93,684	7.98	6.89	7.17	5.48
57	Pioneer Savings Bank, Clearwater, Fla.	83,773	73,086	14.62	7,667	6,010	27.57	189,762	195,364	3.92	3.62	4.04	3.08
58	Ponce Federal Bank, FSB, P.R.	83,124	40,078	107.41	5,237	3,559	47.15	101,426	85,054	7.39	4.59	5.16	4.18
59	Midwest Federal Savings Bank, Minot, N.D.	81,196	46,551	74.42	7,431	3,853	92.86	94,488	99,392	7.70	4.73	7.86	3.88
60	Columbia S&L Assn., Fair Lawn, N.J.	79,452	83,874	-5.27	8,868	9,638	-7.99	115,170	123,945	6.56	7.13	7.70	7.78
61	Poughkeepsie Savings Bank, FSB, N.Y.	78,176	43,262	80.70	6,133	3,520	74.23	136,702	94,333	4.79	3.59	4.49	3.73
62	Capitol Federal S&L Assn., Aurora, Colo.	76,493	76,227	0.35	7,967	5,829	36.68	113,662	128,178	6.04	6.32	7.01	4.55
63	Downey S&L Assn., Costa Mesa, Calif.	76,286	98,172	-22.29	4,494	5,781	-22.26	281,972	306,182	2.37	3.94	1.59	1.89
64	Gibraltar Savings Assn., Houston	72,940	N.A.	...	4,977	N.A.	...	455,074	N.A.	1.19	...	1.09	...
65	Mechanics & Farmers Savings Bank, FSB, Bridgeport, Conn.	72,190	57,762	24.98	13,081	10,781	21.33	121,024	107,959	5.36	5.58	10.81	9.99
66	American Federal Bank, FSB, Greenville, S.C.	70,754	52,209	35.52	6,970	6,722	3.69	95,678	98,332	6.85	5.24	7.28	6.84
67	Far West Federal Bank, SB, Portland, Ore.	67,752	124,199	-45.45	6,905	14,585	-52.66	194,962	225,505	3.14	5.51	3.54	6.47
68	Gem Savings Assn., Dayton, Ohio	66,790	62,028	7.68	6,337	5,383	17.72	151,919	174,551	4.21	3.87	4.17	3.08
69	Commonwealth FS&L Assn., Norristown, Pa.	66,570	24,815	168.27	10,726	3,275	227.51	110,867	115,605	5.91	2.19	9.67	2.83
70	CenTrust Savings Bank, Miami	66,556	625,731	-89.36	22,563	43,163	-47.73	758,633	637,622	0.83	10.24	2.97	6.77
71	Columbia Banking Federal S&LA, Rochester, N.Y.	66,517	49,082	35.52	5,726	3,863	48.23	136,943	153,329	4.35	3.42	4.18	2.52
72	North American Savings Assn., Grandview, Mo.	66,115	70,674	-6.45	5,846	5,130	13.96	40,898	46,783	16.28	16.37	14.29	10.97
73	First Atlantic S&L Assn., Plainfield, N.J.	65,548	41,819	56.74	4,440	3,191	39.14	125,977	129,346	4.94	3.48	3.52	2.47
74	Standard Federal Bank, Troy, Mich.	65,519	71,802	-8.75	2,795	3,850	-27.40	771,122	760,637	0.75	0.91	0.36	0.51
75	ComFed Savings Bank, Lowell, Mass.	65,045	52,408	24.11	5,767	2,074	178.06	143,905	147,601	4.11	4.10	4.01	1.41
76	Anchor Savings Bank, FSB, Northport, N.Y.	63,900	44,421	43.85	4,932	4,318	14.22	645,838	704,962	0.83	0.60	0.76	0.61
77	Penn Savings Bank FSB, Wyomissing, Pa.	63,644	16,804	278.74	5,584	901	519.76	74,199	62,877	7.02	2.55	7.53	1.43
78	Eureka Federal S&L Assn., San Carlos, Calif.	62,931	93,154	-32.44	4,379	3,154	38.84	175,851	162,066	3.72	5.84	2.49	1.95
79	Security S&L Assn., Milwaukee	62,083	N.A.	...	5,462	N.A.	...	178,275	N.A.	2.92	...	3.06	...
80	Altus Bank FSB, Mobile, Ala.	61,758	58,453	5.65	5,680	17,532	-67.60	249,409	256,491	2.28	2.34	2.28	6.84
81	Ensign Bank FSB, New York	59,195	46,391	27.60	5,011	5,677	-11.73	158,485	114,269	3.23	3.08	3.16	4.97
82	Bankers First Federal S&L Assn., Augusta, Ga.	58,497	50,144	16.66	6,382	5,286	20.73	69,133	84,313	8.08	7.07	9.23	6.27
83	Georgia Federal Bank, FSB, Atlanta	57,691	28,421	102.99	3,248	1,037	213.21	333,165	308,619	1.52	0.89	0.97	0.34
84	Second National Federal Savings Bank, Salisbury, Md.	57,590	31,308	83.95	4,719	3,312	42.48	83,719	71,472	6.22	4.68	5.64	4.63
85	Gibraltar Savings, Beverly Hills	56,600	154,638	-63.40	7,296	21,898	-66.68	1,030,521	1,107,417	0.42	1.36	0.71	1.98
86	Mutual S&L Assn., FA, Bay City, Mich.	56,468	36,744	53.68	4,411	2,911	51.53	125,196	124,135	4.52	3.14	3.52	2.35
87	Investors Savings Bank, Richmond, Va.	56,163	49,311	13.90	6,296	2,038	208.93	155,535	146,950	2.71	3.04	4.05	1.39
88	Gill Savings Assn., Hondo, Tex.	55,583	79,119	-29.75	18,287	13,303	37.47	107,278	133,109	3.42	4.89	17.05	9.99
89	Boston Five Cents Savings Bank, FSB	55,319	57,798	-4.29	4,820	4,015	20.05	196,773	199,061	2.44	2.99	2.45	2.02
90	Home Owners Federal S&L Assn., Boston	55,105	2,244	2,355.66	1,293	689	87.66	278,713	244,639	1.95	0.16	0.46	0.28
91	Security Savings Assn., FSA, Texarkana, Tex.	54,272	N.A.	...	2,089	N.A.	...	12,530	N.A.	13.52	...	16.67	...
92	County Savings Bank, Newark, Ohio	54,119	30,093	79.84	3,580	3,835	-6.65	65,147	57,754	7.68	5.03	5.50	6.64
93	Commonwealth Savings Assn., Houston	53,744	52,567	2.24	2,422	3,018	-19.75	166,497	301,991	3.01	2.99	1.45	1.00
94	Raleigh Federal Savings Bank, N.C.	53,476	38,830	37.72	3,541	5,102	-30.60	44,745	47,471	11.08	8.22	7.91	10.75
95	Benjamin Franklin Savings Assn., Houston	53,333	113,758	-53.12	14,298	8,820	62.11	163,159	203,923	2.24	5.87	8.76	4.33
96	Landmark Savings Assn., Pittsburgh	53,185	36,751	44.72	3,785	3,193	18.54	159,349	157,237	3.20	2.37	2.38	2.03
97	Metropolitan Federal Bank, FSB, Fargo, N.D.	52,285	53,408	-2.10	5,162	5,662	-8.83	204,759	218,290	2.29	2.78	2.52	2.59
98	South Carolina Federal S&L Assn., Columbia	52,012	41,491	25.36	4,616	3,214	43.62	68,296	70,026	7.44	6.22	6.76	4.59
99	First Federal Savings Bank, Cleveland	51,577	34,504	49.48	3,469	2,434	42.52	144,735	128,786	3.47	2.32	2.40	1.89
100	Commercial Federal S&L Assn., Omaha, Neb.	51,564	880	5,759.55	3,055	140	2,082.14	472,000	333,652	0.88	0.03	0.65	0.04

Data source: ADP Data Services Division, New York, from its data base of thrifts reporting to the FHLBB on the "Quarterly Financial Report to the Federal Home Loan Bank Board." All FSLIC-insured thrifts are included, but most FDIC-insured thrifts are excluded. **Commercial loans** include both secured and unsecured loans. **Secured commercial loans** include all loans on commercial properties having a security interest but not qualifying as a mortgage loan. **Unsecured commercial loans** include all unsecured loans for commercial purposes. **Interest on Commercial Loans** is the gross interest earned for the year on commercial loans. **Gross Operating Income** is the sum of all interest and noninterest income earned for the year. **Commercial Loans/Total Assets** is total commercial loans at the end of the period expressed as a percentage of total assets at the end of the period. **Int. Comm. Loans/Gross Oper. Inc.** is gross interest earned on commercial lending expressed as a percentage of gross operating income for the year. **N.A.**— Not available.

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Foreign Central Banks Buy Long-Term US Securities

By MARGARET SOARES
The Bond Buyer

NEW YORK — Foreign central banks purchased nearly $26 billion in Treasury notes and bonds in 1987 — double their 1986 purchases and nearly three times the 1985 total, a financial economist said.

By comparison, the banks bought just $13 billion of Treasury bills in 1986, said Samuel Kahan, chief financial economist at Kleinwort Benson Government Securities, Chicago. "The lengthening of maturity appears to be continuing," he said.

Economists say central banks have changed their investment strategies because long-term maturities are more profitable and there is renewed confidence in the stability of their own currencies and the dollar.

The largest share of central bank purchases was, until recently, in Treasury bills. Since 1986, however, banks in the Group of Ten industrialized countries have broadened their holdings to include notes and bonds. The Group of Ten includes Belgium, Canada, England, France, Japan, Italy, the Netherlands, Sweden, the United States, and West Germany.

Foreign central bank purchases of dollars and government securities is common. In a period when investor interest in Treasury issues is slim at best, the banks' purchases have given technical support to a market widely viewed to be in a downtrend.

"Because the central banks needed to support the dollar, they needed to rein in funds," said Mr. Kahan. Treasury bills "aren't paying much, and the amount they need to buy is too large. It would stultify the bill market."

While the specifics of individual bank purchases are buried in Treasury statistics, economists say the note and bond purchases have run into several billions, and at least half of the total purchases have been made by the West German Bundesbank and the Bank of Japan.

"From the evidence we've gotten through market participants, we've learned several billion dollars were bought in the first four months of this year," said William Griggs, managing director of Griggs & Santow. "And it's been in coupons of two years to five years, and some seven years.

"The fact that they've decided to move out on the yield curve suggests there's been a change in strategy of central banks vis-a-vis the way they hold reserves," he said. "And there is the feeling it will continue."

Buying long-term maturities, Mr. Griggs said, is a vote of confidence for their currencies. "It suggests banks aren't worried about having to intervene to buy their own currencies."

Richard Smith, chief international economist at Continental Illinois National Bank and Trust Company of Chicago, said, "The central banks are looking at the more stable exchange rate situation and seeing that their capital losses are not great.

"Given the relative stability in the exchange markets, there has been movement, especially in Germany and Japan, where the yield differential improved relative to the dollar," he said. "U.S. securities have become more attractive than in the past."

William Sullivan, senior vice president and money market economist at Dean Witter Reynolds Inc. in New York, said, "There's one basic explanation: investment return. The yield curve has steepened and it's time to take advantage of better rates." ■

Chemical Backs Pilots' Buyout of Allegis Corp.

➳ Continued from Page 2

Trust Co., and Morgan Guaranty Trust Company of New York were coagents on that $2.44 billion restructuring loan for Allegis, earlier this year, and Chase Manhattan Bank was part of the syndicate that provided the loan.

One banker characterized the pilots' bid as a "long shot," not worth sacrificing the bank's relationship with Allegis. The proposed takeover faces a number of problems, including the opposition of the union representing machinists at the airline.

Chemical has also had a relationship with Allegis. The bank's 1986 annual report highlights a $750 million financing that Chemical lead-managed for Allegis. And the bank was in the running for a role in the restructuring loan.

New management at Allegis changed many of the company's relationships with financial institutions, however. And the bank decided that being the leader in the pilots' takeover could be more lucrative.

The pilots have agreed to concessions that will save the airline $350 million a year. That will easily finance the additional debt burden arising from the buyout, according to Robert Harrity, a managing director at Chemical. ■

Commercial Loans Reported Down at Thrifts

➳ Continued from Page 1

Retail auto loans are included only if the cars are for commercial use.

Unsecured commercial loans include unsecured loans to builders for the construction of residential property. Also included are overdrafts on commercial demand deposits.

In 1987, commercial lending at all FSLIC-insured thrifts was down 1.8%, to $23.3 billion from $23.7 billion. In 1986, those loans jumped 51.7%. From Sept. 30, 1984, to Sept. 30, 1985, they were up 33.4%.

For the top 100 FSLIC-insured institutions, business lending grew 9.7% to $16.5 billion in 1987. In 1985 and 1986, those loans rose 73% and 43%, respectively.

Buffalo-based Empire of America FSB was the nation's fifth largest thrift corporate lender at yearend 1987. Two months ago, Empire announced it will phase out the bulk of its commercial lending activities. The higher-quality credits are not providing adequate spreads, said Paul A. Willax, chairman and chief executive officer. Gibraltar Savings, Beverly Hills, Calif., is also edging out of commercial lending.

A Bank Board spokesman noted that "mergers and liquidations, as well as switch-overs to Federal Deposit Insurance Corp. insurance, account for most of the loss" in commercial and industrial lending. The number of FSLIC-insured thrifts fell to 3,147 from 3,220 in 1986. Further, thrifts enjoyed very rapid growth when they were first granted commercial lending powers in 1982, the spokesman said.

Thus, thrift institutions began with a very small base. "With the maturing of the market, commercial loan growth has moderated," the Bank Board spokesman said.

Last year, 43 of the top thrifts in business lending had increases of more than 25%, with 18 of those posting gains of 50% or more. In the previous year, 34 of the top 100 had increases of 50% or more.

The regional concentration of thrifts with big lending gains shifted from a year earlier. In 1986, growth occurred in the Southeast, with more than a third of the big gainers in that region. Last year, 17 of the thrifts with a 25% rise in business lending were located in the Northeast and Middle Atlantic regions — including New York, New Jersey, Pennsylvania, Maryland, and Virginia.

Interest collected on commercial loans showed sizable gains. The top 100 thrifts posted a 28.2% increase to $1.4 billion in that category. In the year-earlier period, commercial loan interest was up 34.9%.

Gross operating income, on the other hand, was up a scant 1.5% to $30.9 billion. Thus, interest on commercial loans was a larger percentage of gross revenues at these institutions — 4.67% versus 3.72%

• In 1987, there was a total reshuffling of the top five thrifts in business lending from a year earlier. California Federal Savings and Loan Association, Los Angeles, moved into the top spot, with $732.1 million, an increase of 2.2%. Crossland Savings FSB, Brooklyn, N.Y., rose six places to rank second, reporting a 46.1% increase in commercial loans to $699.4 million. Home Federal Savings and Loan Association, San Diego, was third, with $699.2 million, up 31.4%. Old Stone Bank FSB, Providence, R.I., fell from the top spot in 1986 to fourth in 1987, reporting a 22.7% drop in commercial lending to $681 million.

• The largest percentage drop in commercial lending was posted by CenTrust Savings Bank, Miami. The thrift's commercial loans fell 89.4% to $66.6 million. CenTrust ranked fourth in 1986, but fell to 70th place in 1987. Gibraltar Savings Bank, Beverly Hills, Calif., reported a 63.4% loss in commercial lending, to $56.6 million. The savings bank fell to 85 from 32. City Federal Savings Bank, Bedminster, N.J., which placed fifth in 1986, posted a 63.4% drop in business lending to $225.5 million, ranking 19th. ■

Bank Call Notice

CONSOLIDATED REPORT OF CONDITION OF

THE MERCHANTS BANK OF NEW YORK

of New York, New York

And Foreign and Domestic Subsidiaries, a member of the Federal Reserve System, at the close of business March 31, 1988 published in accordance with a call made by the Federal Reserve Bank of this district pursuant to the provisions of the Federal Reserve Act.

ASSETS		Dollar Amounts in Thousands
1. Cash and balances due from depository institutions:		
a. Noninterest-bearing balances and currency and coin		$ 44,277
b. Interest-bearing balances		17,143
2. Securities		270,824
4. Loans and lease financing receivables:		
a. Loans and leases, net of unearned income	203,550	
b. Less: Allowance for loan and lease losses	2,090	
d. Loans and leases, net of unearned income, allowance, and reserve		201,460
6. Premises and fixed assets		5,008
9. Customers' liability to this bank on acceptances outstanding		11,405
11. Other assets		10,159
12. TOTAL ASSETS		$560,276
LIABILITIES		
13. Deposits:		
a.In domestic offices		$492,470
(1) Noninterest-bearing	158,388	
(2) Interest-bearing	334,082	
14. Federal funds purchased and securities sold under agreements to repurchase in domestic offices of the bank and of its Edge and Agreement subsidiaries, and in IBFs:		
Federal funds purchased		3,000
16. Other borrowed money		206
18. Bank's liability on acceptances executed and outstanding		11,405
20. Other liabilities		2,768
21. TOTAL LIABILITIES		$509,849
EQUITY CAPITAL		
24. Common stock		$ 3,444
25. Surplus		19,728
26. Undivided profits and capital reserves		27,255
28. TOTAL EQUITY CAPITAL		$ 50,427
29. TOTAL LIABILITIES, LIMITED-LIFE PREFERRED STOCK, AND EQUITY CAPITAL		$560,276

I, Richard A. Urbano, V.P. & Comptroller, of the above-named bank do hereby declare that this report of condition has been prepared in conformance with the instructions issued by the Board of Governors of the Federal Reserve System and is true to the best of my knowledge and belief.

RICHARD A. URBANO

We, the undersigned directors, attest the correctness of this Report of Condition and declare that it has been examined by us and to the best of our knowledge and belief has been prepared in conformance with the instructions issued by the Board of Governors of the Federal Reserve System and is true and correct.

SPENCER B. WITTY
RUDOLF H. HERTZ
BERNICE AHRENS
Directors

Bank Call Notice

Consolidated Report of Condition of

THE BANK OF NEW YORK

of 48 Wall Street, New York, N.Y., 10286
And Foreign and Domestic Subsidiaries,
a member of the Federal Reserve System, at the close of business March 31, 1988, published in accordance with a call made by the Federal Reserve Bank of this District pursuant to the provisions of the Federal Reserve Act.

ASSETS	Dollar Amounts in Thousands
Cash and balances due from depository institutions:	
Noninterest-bearing balances and currency and coin	$ 1,282,596
Interest-bearing balances	1,230,101
Securities	2,093,872
Federal funds sold and securities purchased under agreements to resell in domestic offices of the bank and of its Edge and Agreement subsidiaries, and in IBFs:	
Federal funds sold	1,266,982
Securities purchased under agreements to resell	25,094
Loans and lease financing receivables:	
Loans and leases, net of unearned income 13,116,503	
LESS: Allowance for loan and lease losses 358,850	
Loans and leases, net of unearned income, and allowance	12,757,653
Assets held in trading accounts	103,801
Premises and fixed assets (including capitalized leases)	158,906
Other real estate owned	122,037
Investments in unconsolidated subsidiaries and associated companies	12,934
Customers' liability to this bank on acceptances outstanding	1,094,549
Intangible assets	43,287
Other assets	709,215
Total assets	$20,901,087
LIABILITIES	
Deposits:	
In domestic offices	$11,174,777
Noninterest-bearing 4,012,108	
Interest-bearing 7,162,669	
In foreign offices, Edge and Agreement subsidiaries, and IBFs	5,280,231
Noninterest-bearing 10,224	
Interest-bearing 5,270,007	
Federal funds purchased and securities sold under agreements to repurchase in domestic offices of the bank and of its Edge and Agreement subsidiaries, and in IBFs:	
Federal funds purchased	763,063
Securities sold under agreements to purchase	354,483
Demand notes issued to the U.S. Treasury	73,786
Other borrowed money	764,586
Mortgage indebtedness and obligations under capitalized leases	1,466
Bank's liability on acceptances executed and outstanding	1,094,933
Notes and debentures subordinated to deposits	236
Other liabilities	308,900
Total liabilities	19,816,461
EQUITY CAPITAL	
Common Stock	112,272
Surplus	453,863
Undivided profits	516,960
Cumulative foreign currency translation adjustments	1,531
Total equity capital	1,084,626
Total liabilities and equity capital	$20,901,087

I, Robert E. Keilman, Senior Vice President & Comptroller, of the above-named bank do hereby declare that this Report of Condition has been prepared in conformance with the instructions issued by the Board of Governors of the Federal Reserve System and is true to the best of my knowledge and belief.

Robert E. Keilman

We, the undersigned directors, attest to the correctness of this Report of Condition and declare that it has been examined by us and to the best of our knowledge and belief has been prepared in conformance with the instructions issued by the Board of Governors of the Federal Reserve System and is true and correct.

J. Carter Bacot
Peter Herrick
Donald L. Miller
Directors